LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7561 **NOTE PREPARED:** Feb 6, 2009
BILL NUMBER: SB 506 **BILL AMENDED:** Feb 5, 2009

SUBJECT: Local Government Matters.

FIRST AUTHOR: Sen. Boots **BILL STATUS:** CR Adopted - 1st House
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL **IMPACT:** State & Local
X DEDICATED
FEDERAL

Summary of Legislation: (Amended) This bill has the following provisions:

Board of County Commissioners: The bill provides that in counties other than Marion County and Lake County, county commissioners are eliminated effective January 1, 2013.

Board of County Commissioners - Powers: It specifies that after December 31, 2012, in counties other than Marion County and Lake County, legislative powers currently exercised by a county's board of commissioners shall be exercised by the county council (in counties with a county council) or the board of county supervisors (in counties with such a board).

County Chief Executive Officer: It provides that in counties with a county chief executive officer, the initial county chief executive officer is elected at the November 2012 general election and takes office January 1, 2013. It also provides that in counties with a county chief executive officer, the county councils continue under existing law.

County Supervisors: The bill provides that in counties with a board of county supervisors that is a combined county executive, legislative, and fiscal body, members ate elected at the November 2012 general election (with staggered terms) and the members take office January 1, 2013.

Structure of County Government: It specifies that if the county legislative body adopts a resolution specifying that the voters of the county shall decide the structure of county government (or if the county legislative body fails to adopt any resolution), the voters of the county shall vote at the 2010 general election on whether:

(1) the county shall have the government structure with a single county chief executive

(1) officer and a county council; or

(2) the county shall have the government structure with a board of county supervisors that is a combined county executive, legislative, and fiscal body.

The bill provides that the government structure chosen by a majority of the voters voting on the public question is effective January 1, 2013.

County Manager: The bill provides that after December 31, 2012, a county that has a board of county supervisors elected as the county executive, legislative, and fiscal body must employ a county manager. The bill also requires an individual employed as county manager to attain Credentialed Manager Status from the International City/County Management Association not later than two years after the date the individual is employed as county manager.

County Assessors: The bill provides that in counties other than Marion County, the county assessor shall after December 31, 2012, be appointed. The bill provides that the term of a county assessor elected in 2010 expires January 1, 2013.

It provides that in a county that has a board of county supervisors that is the combined executive, legislative, and fiscal body, the board of county supervisors shall appoint the individual who serves as county assessor, and it provides that in a county that has a single county chief executive officer, the chief executive officer shall nominate and the county council shall appoint the individual who serves as county assessor. Also, it provides that in Lake County, the board of commissioners shall nominate and the county council shall appoint the individual who serves as county assessor.

The bill prohibits a relative of: (1) a member of the county council, board of county supervisors, or the county chief executive officer from being appointed to serve as county assessor; and (2) an appointed county assessor from being employed with the office of the county assessor or receiving compensation for services from the office of county assessor.

Office of Local Technical Assistance: The bill requires the Office of Management and Budget to establish an Office of Local Technical Assistance. It requires the Office to: (1) promote sound fiscal, management, and operational practices in local government and assist units of local government in carrying out these practices; and (2) coordinate interaction between units of local government and state agencies.

It requires the Department of Local Government Finance (DLGF) and the State Board of Accounts to consult with the Office as the DLGF and the State Board of Accounts develop and adopt transition rules to assist units of local government that are consolidating entire units or specific functions.

Advisory Commission on Intergovernmental Relations: The bill requires the Advisory Commission on Intergovernmental Relations to monitor the progress of local governments in implementing the recommendations made by the Commission on Local Government Reform and prepare an annual report of its findings.

The bill also requires the Indiana Advisory Commission on Intergovernmental Relations to:

(1) create recommended minimum objective professional qualifications and performance standards for elected county officials in Indiana;

(2) create recommended best practices standards for the conduct of county government in Indiana; and

(3) conduct a performance audit of county government in Indiana; and report the

recommendations and results to the Office of Management and Budget and the Legislative Council before November 1, 2010.

Deletions and Repeals: The bill deletes the requirement that a copy of an interlocal cooperation agreement must be filed with the State Board of Accounts. It repeals the requirement that counties and municipalities must prepare and submit to the State Board of Accounts an operational report concerning roads and streets.

It repeals the requirement that the county clerk must prepare a monthly report that is submitted to the county auditor, the county executive, and the State Board of Accounts. It also repeals the requirement that the county treasurer must prepare a monthly report that is submitted to the county auditor, county board of finance, county executive, and state board.

Government Modernization: The bill provides that if a proposed local government reorganization is initiated under the government modernization statutes by the voters of a political subdivision, approval of the legislative bodies of the affected political subdivisions is not required before a proposed reorganization plan may be prepared by a reorganization committee and placed on the ballot for a vote.

It also specifies that the circuit court clerk of the county in which the most populous political subdivision named in a reorganization resolution or petition is located shall appoint to the reorganization committee three residents of each political subdivision participating in the reorganization.

Effective Date: (Amended) Upon passage; July 1, 2009.

Explanation of State Expenditures: (Revised) *Office of Local Technical Assistance:* The cost of the Office will depend on the number of employees and resources needed to provide assistance to local units of government. There are no comparisons to be made within current state agencies, but the costs are expected to be minimal.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. [On January 5, 2009, the OMB had two vacant positions with a total salary of about $82,000.]

(Revised) *Advisory Commission on Intergovernmental Relations:* The Advisory Commission on Intergovernmental Relations (Commission) will have four responsibilities under the bill, including conducting a performance audit of county government in Indiana. The expenses of these responsibilities are not expected to be within the existing resources of the Commission, which receives about $59,000 annually within the Indiana University appropriation. Previously, the Commission has received an appropriation from the Legislative Council budget to carry out assigned research projects. The bill does not make an appropriation for the assigned responsibilities.

(Revised) *Background:* The Commission was established by the General Assembly in 1995. The Indiana University Center for Urban Policy and the Environment provide staff and administrative support for the Commission. Legislative members of the Commission receive per diem, mileage, and travel allowances through the Legislative Council budget, while other members receive traveling expenses and actual costs incurred through the Commission budget.

<u>Explanation of State Revenues:</u> *Chief Executive Officer Offenses:* The bill establishes a Class C misdemeanor for a chief executive officer who recklessly violates duties assigned in statute. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class C misdemeanor is $500. Criminal fines are deposited in the Common School Fund.

Also, the bill establishes a Class C infraction for a chief executive officer paying for public advertising in more than one newspaper, unless required by law. If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class C infraction is $500, which is deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of $70 would be assessed and, for a criminal charge, a $120 court fee would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee ($2), automated record keeping fee ($7), judicial salaries fee ($18), the public defense administration fee ($3), the court administration fee ($5), and the judicial insurance adjustment fee ($1) are deposited into the state General Fund.

<u>Explanation of Local Expenditures:</u> (Revised) *Reorganization of County Government:* No current county executive, legislative, or fiscal responsibility is reduced or eliminated. However, in counties other than Marion County and Lake County, the duties will be reorganized based on the decisions of the legislative body or the majority of voters of a county. The reorganization could change compensation costs. Executive compensation is determined by the county fiscal body, and any additional costs or cost savings will result from the decisions of the fiscal body. Officers are compensated from the county general fund.

(Revised) *County Manager:* The bill requires that if a county has a board of county supervisors, the board will employ a county manager as the administrative head of the county government. The board of county supervisors will determine the manager's compensation.

(Revised) *Appointment of County Assessor:* The county assessor will be nominated by the county executive and appointed by the county council, appointed by the board of county supervisors, or, in Lake County, nominated by the board of commissioners and appointed by the county council in 2010 and thereafter. After December 31, 2012, an individual may not be appointed unless the person has attained Level 3 Assessor-Appraiser certification. The cost savings by not having these officials on the ballot would be minimal since they are elected during a general election.

Additionally, the bill would not allow a relative of a member of the county council, the chief executive officer, the board of commissioners, or the board of county supervisors to be appointed county assessor, or for an individual related to the county assessor to report directly to a relative. This provision may increase costs by requiring adjustments in personnel.

Deletions and Repeals: The reporting and filing requirements deleted or repealed by the bill could provide minimal cost savings to local offices preparing or filing the reports. However, to the extent that the circuit court clerk’s and county treasurer’s report are monthly closing reports, cost savings may not occur. Additionally, the bill removes a public hearing and decision of the legislative body concerning a reorganization by referendum. There are no data available to indicate if removing this provision would increase the number of reorganizations undertaken.

(Revised) *Background and Additional Details- Chief Executive Officer:* The chief executive officer would first begin serving a four-year term on January 1, 2013. The chief executive officer would exercise or perform all executive duties of the county except those assigned to another elected or appointed officer. Any law in referring to the board of commissioners and concerning county executive powers would be a reference to the chief executive officer. However, any authority to impose or levy a tax would be given to the county council as the legislative body. Also, the bill would give any county legislative powers to the county council in a county with a chief executive officer.

Under the bill, the county executive would have specific reporting duties to both the residents of the county and the legislative body, would make recommendations concerning county improvements and actions, and would have approval/veto powers on ordinances passed by the county legislative body. The bill requires the chief executive officer office to be open each business day.

(Revised) *Board of County Supervisors:* In a county, other than Marion County or Lake County, where the county legislative body or a majority of voters have determined that the board of county supervisors is the county executive, legislative body, and county fiscal body, the responsibilities and powers of the county council and board of county commissioners transfer to the board of county supervisors. In counties where the county council currently has seven members, the board of county supervisors will have seven members, and, in St. Joseph County, which has nine county council members, the board will have nine members.

(Revised) *County Managers:* The county manager must have attained credentialed manager status or credentialed manager candidate status from the International City/County Management Association. The county manager must execute a bond for faithful performance of the county manager's duties. The county manager attends meetings of the board of county supervisors; hires and supervises county employees; administers and enforces all ordinances, orders, and resolutions of the board; prepares budget estimates; executes contracts on behalf of the county for materials, supplies, services, or improvements; and receives summons on behalf of the county.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties; Trial courts, local law enforcement agencies.

Information Sources:

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